GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:2392
ANSWERED ON:07.12.2006
PENALTIES FOR NON COMPLETION OF EXPLORATION
Singh Shri Sugrib

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Directorate General of Hydrocarbons (DGH) has recommended stiff penalties on Oil and Natural Gas Corporation (ONGC) and Reliance Industries for default on commitments made by them on oil and gas exploration blocks awarded under NELP;

(b) if so, the details thereof;

(c) whether these companies have deposited such penalties;

(d) if so, the details in this regard; and

(e) if not, the action proposed to be taken by the Government to recover such penalty from these companies?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) As per Production Sharing Contracts (PSCs), contractors were to complete committed minimum work programme in terms of respective PSCs in given period for exploration phases. As ONGC & Reliance Industries Limited (RIL) could not complete the minimum work programme in some of the blocks as per the provisions of the PSCs, payments in lieu of unfinished minimum work programme had been asked from ONGC & RIL. In addition to the provisions of the PSCs, extension in exploration phases sought beyond six months are decided by the Government in terms of extension policy formulated in April 2006. Under this policy, contractors are required to pay liquidated damages for grant of extension in terms of the provisions of the policy.

(b) As per the provisions of the respective PSCs, payments in lieu of unfinished minimum work programme for six blocks of ONGC and four blocks of RIL has been asked for. In addition, liquidated damages for seeking extensions beyond PSC provisions were also asked from ONGC in respect of seven blocks in accordance with the extension policy.

(c)to(e) RIL has deposited payment of Rs. 57.87 crore against a due amount of Rs. 89.3 crore in lieu of unfinished work programme.

ONGC and its consortium partners have been asked to deposit Rs. 117.8 crore in lieu of unfinished work programme for six blocks.

ONGC has deposited an amount of Rs. 60.75 crore against a due amount of Rs. 76.48 crore as liquidated damages for availing extensions in exploration phases.